

NEW SOUTH WALES.

BUSINESS STATISTICS - 23rd January, 1941.

During 1940 economic progress was reflected in a marked accession of strength in the banking situation, a record turnover of bank accounts, successful application of the policy of cheap and plentiful money, sustained confidence of investors, and a material increase in export income. Imports, though still high, tend to moderate, and further restrictions have been imposed. A high level of building activity has been maintained but future building prospects are uncertain. The real estate market shows little sign of revival.

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PART I PRIMARY AND EXPORT INDUSTRIES.

SEASON: Rainfall was above average over the greater part of N.S.W. in December, 1940, and practically every part of the State has had from substantial to complete relief from drought as the result of these rains, and even more widespread heavy falls during January, 1941. Pastures have improved rapidly, water supplies have been replenished, and the seasonal outlook is now distinctly favourable. Index numbers of rainfall are as follow:-

WEIGHTED AVERAGE RATIO OF ACTUAL TO NORMAL RAINFALL, N.S.W.

	<u>1940:</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Year, 1940.</u>
Sheep Districts	18	52	123	60	
Wheat "	11	52	129	58	
Dairying " (Coastal)	85	82	167	75	

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS:

The index number of prices of principal commodities exported from Australia remains at approximately 82 per cent. of the 1927 average, and as for most items prices are fixed under contracts with the British Government, a satisfactory level of prices is likely to be maintained for at least a considerable period. The major difficulty is the inadequacy of shipping space and this seems likely to intensify under the revised shipping control in Britain. Only in the case of wool is payment made irrespective of shipment; hence the damming up of exportable produce in Australia means deferred realisation, apart from the problem of storage space, which is receiving the particular attention of the Agricultural Council. In recent weeks British shipping losses have been lower than in the latter months of 1940 but this may be incidental, and full replacement of losses appears improbable.

In Britain the meat ration became 1s.6d. in place of 1s.10d. worth a week as from Jan. 6, 1941 and restaurant meals must consist of only one main dish, with eggs and cheese included in the meat category. Large supplies of Australian and New Zealand meat arrived in Britain early in January. According to press summaries the food situation "necessitates some sacrifices but there is no likelihood of serious shortages." British wholesale prices are rising slowly. The index number (Economist) on Jan. 15, 1941 was 101.3 compared with 100.1 on Dec. 4 and 98.7 on Oct. 9, 1940. There have been press references to Exchequer announcement of the issue of two new Government securities on terms conforming to the principle of a "three per cent. war" but details are lacking. The British Government was spending at the rate of £stg.11.75 m. per day in Dec. Qr. 1940.

President Roosevelt's bill to "sell, transfer, exchange, lease, lend or otherwise dispose of" defence articles "to any country whose defence the President deems vital to the defence of the United States" is before Congress. This and forthright statements in the President's inaugural address indicate full economic support for Britain from the United States. Licensing of exports from U.S.A. of basic materials for war goods has been extended. Steps to accelerate war production have been taken in U.S.A. Extension of Russo-German trade pact, Japanese pressure for trade concessions in the Netherlands East Indies, difficulties of food supply in Eire, and Britain's agreement to pass wheat etc. through the blockade for Spain are recent developments which bear upon economic aspects of the war.

INTERNATIONAL CURRENCY RELATIONSHIPS:

In the free market in New York sterling continues to exchange for dollars at or slightly above the British official rate of exchange in London (\$4.03 to £stg.) Although the amount of business in the free market is very small (as Britain's control of foreign exchange is virtually complete) the strength of sterling in that market is an indication of confidence in Britain's financial and war position.

On Jan. 15, 1941 Mr. Morgenthau (Secretary to the Treasury) disclosed that Britain's dollar assets on Jan. 1, 1941, including gold, American securities and other assets, amounted to \$1,775 m. (amended to \$1,811 m. by Mr. Morgenthau on January 22). Britain took delivery of and paid for war

/materials.....

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materials of a value of \$1,337 m. up to the end of 1940 and had used virtually the whole of gold holdings in the British Equalisation Fund (about \$2,000 m.) in the purchase of war materials and commodities from the U.S.A. and other countries.

Mr. Morgenthau indicated that \$3,019 m. would be needed to pay for war orders in the United States in 1941 and stated the "total dollar deficit of the British Empire, excluding Canada, in 1941" as \$1,464 m. A consideration of these figures makes patent the importance to Britain of the "lend or lease" proposals now before Congress. If these become law, as it is expected they will, the possibility of serious difficulties at a later stage in commercial payments in U.K. and U.S.A. trade may be circumvented.

WOOL. The appraisement of wool in Sydney began after the Christmas recess on January 13, 1941. The greater part of the season's clip has now reached appraisement centres. The quantity of wool received in Sydney up to January 16, 1941 was 1,065,759 bales which was 67,562 bales less than in the same period of the preceding season. In Sydney catalogues are now much smaller than at pre-Christmas appraisements and it is possible that main appraisements will be completed in February. The quantity appraised in Sydney so far this season is 888,783 bales compared with 742,091 in the corresponding period of 1939-40.

The outlook for next season's wool production is now more hopeful since good rains have broken the drought in pastoral areas.

Press messages from Washington indicate that an agreement has been completed for the transport of the British-owned strategic reserve of 250 m. lb. of Australian wool to the United States, and shipment at the rate of 150,000 bales a month is expected. It is reported that spot supplies of wool in Britain are running low and, tightening its control, the wool control has taken possession of spinners' tops for the first time. A shortage of wool for civilian trade is reported and apparently the rayon trade is benefiting at the expense of wool.

Commenting on post-war prospects for wool the "Yorkshire Post" says that the foreseen contingency "of an accumulation which cannot find an outlet during the war" is materialising. "One day there will be a tremendous demand from "countries now denied wool. The Germans must be creating a wool famine in their "own and in occupied territories, using supplies which they cannot hope to replace "while at war with the British Empire. The demand after the war may well exceed "that which followed the last war, if only because France does not enjoy access to "British Empire wool which she had in 1914-18."

American woollen mills are very busy producing both defence and civilian fabrics, and unfilled orders early in November were given at from 55 m. to 60 m. yards compared with 36 m. yards in Nov. 1939. Substantial buying of Argentine and Uruguayan wool by United States interests is reported. The 1940-41 South African wool clip is estimated at about 880,000 bales or about 10 per cent. greater than that of 1939-40.

WHEAT. The New South Wales 1940-41 wheat harvest is estimated officially at 24½ m. bus. which is the smallest for more than 20 years. Production comparisons are:-

		Av. 1929-30 to	1938-39.	1938-39.	1939-40.	1940-41.
Northern District	mil. bus.	9.0	18.9	12.5	3.6	
Central "	"	16.7	17.7	29.8	10.1	
Southern "	"	30.2	23.3	34.2	10.8	
Total - N.S.W.	"	55.9	59.9	76.5	24.5	

ø Preliminary.

On Jan. 12, 1941 the Chairman of the Australian Wheat Board indicated the Australian harvest as about 82.4 m. bus. but this probably includes an over-estimate for N.S.W. Only 25.2 m. bus. of 195.75 m. bus. of 1939-40 wheat delivered to the Board remained unsold at Dec. 31, 1940. Of the wheat sold, 35.5 m. bus. remains to be shipped, including 20 m. bushels for the British

Government, which is to remain in Australia for some months and for which payment was made on Jan. 15, 1941. The Board's overdraft on the 1939-40 pool was £12,838,000 after recoupment of advances etc. (totalling £36,815,000) from proceeds of sales and the flour tax of £23,977,000.

The Board expected to have about 62 m. bus. of 1940-41 wheat (probably an over-estimate) and the unsold carry-over from 1939-40 (87 m. bus. in all) for sale in 1940-41 of which $64\frac{1}{2}$ m. bus. would be reserved for local and export flour, leaving only $22\frac{1}{2}$ m. bus. for export. No new or old season's wheat would be available in Victoria or N.S.W. for export.

The Dept. of Commerce has indicated that growers will be permitted to sow for 1941-42 harvest an area equal to the average acreage sown with wheat for grain in the past four seasons. Wheat growers are required to register by Jan. 25, 1941 under the licensing provisions of the stabilisation scheme.

Wheat futures in Chicago and Winnipeg were firm in recent weeks but eased a cent or two a bushel during the last few days. In Chicago May options were quoted at $85\frac{1}{2}$ cents a bus. on Jan. 21, 1941 or about 15 cents a bus. lower than at the corresponding date of 1940. Prices of parcels on the London Baltic Exchange are steady. Australian new crop wheat (bulk) for Dec.-Jan. delivery is at 27s. a quarter, the increase of 1s. a quarter late in December having been maintained for a week or two only. Argentine (Jan.-Feb.) is unchanged at 20s.3d. a quarter.

The local market has been occupied mainly with domestic flour and produce requirements and a fair amount of buying for export flour. The prices of wheat for local flour are unchanged at for bagged wheat 4s. $0\frac{3}{4}$ d. and for bulk wheat 3s. $11\frac{1}{2}$ d. a bus., f.o.r. Sydney. The price of flour locally is unchanged at £12.13s. a ton.

PRICES OF WHEAT IN NEW SOUTH WALES.

Bulk Wheat	Seasons ended November.						Jan. 21, 1941.
	Av. 1931-35.	1937.	1939.	1940.	1939.	1940.	
	Shillings and pence per bushel.						
Ex trucks, Sydney	2 9 $\frac{1}{2}$	5 3	2 5	(3 4)	3 5	3 11 $\frac{1}{2}$ (b)	3 11 $\frac{1}{2}$ (b)
Equivalent, ex farm at Country siding (a)	2 2 $\frac{1}{2}$	4 8	1 9 $\frac{1}{2}$	(2 10)	(c)	(c)	(d)

- (a) Exclusive of bounty (b) Prices for sale for local consumption.
- (c) Farmers received about 2s.10d. (net) a bus. for 1939-40 bulk wheat.
- (d) Not yet ascertainable. Initial advance gives about 2s.5d. a bus. (net) at country sidings.

BUTTER. Improved pasturage has resulted in a rapid increase in butter production in New South Wales and a substantial surplus for export is now available. Seasonal conditions are now very favourable in all important dairying districts.

Droughty spring and early summer conditions were reflected in a decline in the quantity of butter made in N.S.W. factories in the five months ended November from 43.9 m. lb. in 1939 to 32.7 m. lb. in 1940. In November, 1940 the output of butter (8.17 m.lb.) was nearly 40 per cent. less than in Nov., 1939.

PRODUCTION OF BUTTER IN FACTORIES IN NEW SOUTH WALES.

	Av. 1931-35.	1936.	1937.	1938.	1939.	1940.
November. mill.lb.	13.94	8.34	13.34	12.59	13.46	8.17
July-Nov. "	44.01	34.94	38.69	39.67	43.90	32.70

Because of improved prospects the quota for January, 1941 permitted 36 per cent. of the butter made to be sold within the State, compared with 39 per cent. in December, 1940. This reflects the general outlook for butter production in the four States working under the equalisation scheme. The quota for export (64 per cent.) is lowest of any January quota since 1937. Intra-state quotas for January were:-

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	1935.	1936.	1937.	1938.	1939.	1940.	1941.
January	24	29	39	35	35	32	36

The larger proportion of butter absorbed in the higher-price local market permitted an increase of $\frac{3}{4}$ d. a lb. of butter made in the rate of pay for cream supplied to certain North Coast factories in December 1940 compared with Dec., 1939 but gross receipts of farmers suffered because of the big fall in production. The pay ($12\frac{3}{4}$ d. a lb.) was the highest rate fixed for December since 1929.

PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Deferred Pay July-Dec. ♂
Pence per lb. of commercial butter made.							
1934 x	9 $\frac{1}{4}$	10	9	8	7 $\frac{1}{2}$	7 $\frac{1}{2}$	1 $\frac{1}{8}$
1937	13 $\frac{1}{2}$	13 $\frac{1}{2}$	13	13 $\frac{1}{2}$	10 $\frac{3}{4}$	10 $\frac{3}{4}$	$\frac{3}{8}$
1938	14	14	12 $\frac{3}{4}$	12	11 $\frac{1}{2}$	11 $\frac{1}{4}$	5/16
1939	12 $\frac{1}{2}$	12	12 $\frac{1}{4}$	12	12 $\frac{3}{4}$	12	$\frac{3}{4}$
1940	13 $\frac{1}{4}$	13	13	12 $\frac{5}{8}$	12 $\frac{3}{4}$	12 $\frac{3}{4}$	Not yet fixed

x Cartage charges (now paid by factories) met by farmers (about $\frac{3}{8}$ d. a lb.)
♂ This payment is additional to that shown for each relevant month.

The agreed price under the British contract is equivalent to 137s.2d. a cwt. f.o.b., Sydney. The local wholesale price of butter is 158s.8d. in the three eastern mainland States.

METALS. There has been no change in the maximum prices fixed by the British Ministry of Supply (duty paid, delivered to buyer) for copper, lead and spelter. These are (£stg. per ton) £62, £25 and £25.15s. From London it is reported that Germany's occupation of Belgium has caused a tight supply position in spelter in both the U.K. and the U.S.A. Stocks have declined sharply and although American spelter output has been expanded, demand has outpaced production.

In the open market in London prices of both tin and silver have been steady this month and quotations on January 21, 1941 (£stg. 257.2s.6d. ton and 1s.11 $\frac{3}{16}$ d. (stg.) an oz.) approximated average prices in December, 1940.

World stocks of tin were:- (including spelters' stocks and carryover)	October, 1939. tons.	October, 1940. tons.
	46,561	53,890

Export parities of prices obtained for metals exported from Australia continued in November, 1940 at about those of recent months and in each case were substantially above pre-war levels. Comparative particulars are:-

AVERAGE PRICES OF METALS (EXPORT PARITIES, f.o.b.) AUSTRALIA.

	Silver. (Standard) oz.	Lead. ton	Spelter. ton	Tin (Standard) ton	Gold (Fine) oz.
	s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average, 1937	2 1.0	27 9 3	29 1 6	292 16 5	8 15 1
1938	2 0.1	17 12 11	19 12 10	228 11 10	8 17 1
1939	2 1.4	17 12 1	19 15 3	268 3 6	9 14 4
" July, 1939	1 9.1	16 19 1	19 14 6	273 3 3	9 4 11
" Sept., 1940	2 4.3	18 8 3	24 12 11	287 9 7	10 14 0
" Oct., "	2 4.3	18 5 5	22 10 6	294 17 7	10 14 0
" Nov., "	2 4.1	18 14 8	22 0 6	293 2 0	10 14 0

BANKING. The banking situation in Australia is very strong. Payments for Australian produce by the British Government have been an important factor, but war finance is assuming the dominant role. Periodically public borrowing has drawn money away from the trading banks but it has been returned speedily as payments for war materials and services have expanded. Deposits have risen to a record level. Investment and exchange control, receipts by primary producers, and the rising trend of industrial activity each have a part in a reduction in advances. In Nov., 1940 in the nine large trading banks in Australia the ratio of advances to deposits was 78.7 per cent. and of cash and Treasury bills to deposits, nearly 25 per cent. The banks have added considerably to their holdings of medium and long term Government securities.

Quarterly averages in trading banks in N.S.W. show from Sept. Qr. to Dec. Qr., 1940, an increase in private deposits of £6.3 m. and a decrease in private advances of £3.8 m., continuing trends of preceding quarters of 1940. The appended particulars of changes in deposits and advances between Dec. Qrs. of recent years illustrate the effects on private banking business of judicious credit expansion in 1938-39 and the progressive increase in public expenditure during the war period.

PRIVATE DEPOSITS AND ADVANCES PRIVATE TRADING BANKS IN N.S.W.
Changes (Increase + Decrease -) in year ended Dec. Qr.

	Fixed Deposits.	Current Deposits.	Total Deposits.	Advances.	Excess of Deposits over Advances.
	£m.	£m.	£m.	£m.	£m.
1936 to 1937	+ 5.0	+ 5.6	+ 10.6	+ 5.5	+ 5.1
1937 to 1938	+ 1.9	- 1.3	+ 0.6	+ 9.7	- 9.1
1938 to 1939	+ 1.1	+ 6.2	+ 7.3	+ 1.3	+ 6.0
1939 to 1940	+ 0.9	+ 12.1	+ 13.0	- 7.3	+ 20.3

The amounts of advances and deposits are shown in the following table:-

PRIVATE BUSINESS IN PRIVATE TRADING BANKS IN NEW SOUTH WALES. (a)
(Aggregate Quarterly Averages.)

Quarter ended	Deposits.			Advances.	Excess of Deposits over Advances.
	Fixed.	Current.	Total.		
Dec., 1929	£m.	£m.	£m.	£m.	£m.
1931	65.2	41.8	107.0	114.2	(-) 7.2
1937	59.6	36.1	95.7	95.3	0.4
1938	62.0	50.7	112.7	111.7	1.0
Sept., 1939	63.9	49.4	113.3	121.4	(-) 8.1
Dec., "	64.6	50.0	114.6	124.2	(-) 9.6
Dec., "	65.0	55.6	120.6	122.7	(-) 2.1
Sept., 1940	65.0	62.3	127.3	119.2	8.1
Dec., "	65.9	67.7	133.6	115.4	18.2

(a) Excluding Commonwealth and Rural Banks and excluding Government deposits and Government securities in private trading banks.

(-) Denotes excess of advances over deposits.

SAVINGS BANKS. In December, 1940 withdrawals exceeded deposits in savings banks in New South Wales by £226,000. This decrease followed upon increases totalling £2,999,000 in the preceding five months and was attributable to reinforcement of the usual Christmas use of savings by subscriptions to the £28 m. Commonwealth Loan. With purchases of War Savings Certificates taken into account (roughly £330,000 in Dec.) an increase of about £104,000 in small savings was shown. Over the latter half of 1940 the rate of saving was much greater than in any other recent year:-

HALF YEAR ENDED DECEMBER.

	1936.	1937.	1938.	1939.	1940.
Increase in Savings Dep. £000	- 533	866	630	- 893	2,773
War Savings Certificates £000	—	—	—	—	(2,887)
Total £000	- 533	866	630	- 893	(5,660)

The number of open savings accounts is increasing steadily and at 1,342,632 was 16,029 greater in December, 1940 than a year earlier. The movement in savings is a reflection of the record and rising level of employment and earnings of work-people, whose increased thrift capacity has been augmented by patriotic motives. Trends in business in savings banks in recent years are illustrated below:-

SAVINGS BANKS IN NEW SOUTH WALES.

	Depositors' Balances.		Increase in Deposits.		Open Savings Accounts.	
	At 30th Nov.	At 31st Dec.	In Dec.	In year ended Dec.	At 30th Nov.	At 31st Dec.
	£000	£000	£000	£000	000	000
1936	79,966	79,467	- 499	933	1,197	1,199
1937	83,227	82,819	- 408	3,352	1,262	1,265
1938	86,341	86,645	304	3,826	1,322	1,325
1939	86,684	86,581	- 103	- 64	1,325	1,327
1940	85,110	84,884	- 226	- 1,697	1,341	1,343

Minus sign (-) denotes decrease.

BANK CLEARINGS. Inter-bank clearings in Sydney reached £100.1 m. in December, 1940. This was a record for any month and 9 per cent. greater than in Dec., 1939. Heavy payments for wool by the British Government, payment of advances to wheat-growers, Christmas trading, and probably, the £28 m. works and war loan were factors. Clearings for the calendar year 1940 were £1074.8 m., or £142.5 m. (15%) greater than in 1939.

The index numbers which provide an approximate measure of changes in the volume of business transactions settled by cheques, were for Dec. Qr. and the year 1940, 15 and 13 per cent., respectively, above the average in 1926-30. Higher prices accounted for part of the rise in the index number of $8\frac{1}{2}$ per cent. in comparison with Dec. Qr., 1939 but the enlarged national income and the acceleration of industrial activity were the major influences in promoting more active business conditions. Exigencies of warfare will enforce curtailment of some forms of civilian enterprise, and still greater development of war industries. It appears likely that the business situation will remain buoyant.

INTER-BANK CLEARINGS - SYDNEY.

	Amount. (a)		Index Number. (b)	
	December	Calendar Year.	December Qr.	Calendar Year.
			£ million	1926-30 = 100.
1929	88.8	1043.3	104	106
1937	83.9	937.3	101	101
1938	88.1	942.4	103	101
1939	91.7	932.4	106	100
1940	100.1	1074.8	115	113

(a) Excluding Treasury bill transactions.

(b) Adjusted to eliminate effects of bank amalgamations and of special governmental transactions, but not for changes in price levels.

STOCK EXCHANGE. Since the re-opening of the Sydney Stock Exchange after the Christmas recess prices of ordinary company shares have tended generally higher, and currently are only a little below the highest point (early in Nov. last) since the invasion of the Low Countries in May, 1940. This movement accords with that of industrial shares in London, and bears no reflection of irregular variations in share values on Wall Street in the last few weeks.

During December, 1940 the market in Sydney was quiet and share prices generally were barely maintained. The index number of value of ordinary company shares was 172.1 compared with 172.8 in Nov., 1940, 178.8 in Dec., 1939 and 175.6 in Dec., 1938. From Nov. to Dec., 1940 a decline of 4.9 points in the index for retail company shares was the greatest movement. Shares in manufacturing enterprises gained slightly and averaged higher than in any month since Feb., 1940. Relief rains in major pastoral areas led to a rise of 1.5 points in pastoral and finance company shares.

In Dec., 1940 in comparison with the war-time peak level of January, 1940 the combined index was 9.5 points lower with shares in all classes of enterprises showing roughly proportionate decreases in value, vide appended comparisons:-

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
Excluding Banks. Par value = 100.

Average for Month -	Shares in Companies engaged -					<u>Total</u> 75 Companies.	34 Active Shares
	Manufacturing and Distributing.	Retail Trade.	Public Utilities.	Pastoral and Finance.	Insurance.		
Sept., 1931 (a)	72	60	88	75	121	74	77
March, 1937 (b)	214	204	181	169	281	190	200
Dec., 1939	222	173	149	131	262	179	191
Jan., 1940	229	174	152	132	270	182	195
June,	187	138	129	110	233	151	160
Nov., "	220	174	140	121	257	173	186
Dec., "	221	169	140	122	256	172	185

(a) Lowest Point. (b) Highest point.

REAL ESTATE. Sales of real estate were a little greater in the latter half than in the first half of 1940 but sales registered during the year (£31.05 m.) totalled slightly less than in 1939 (£32.16 m.) and were 17 per cent. below the value in 1938. Mortgages registered decreased from £26.97 m. in 1938 to £22.44 m. in 1939 and to £16.50 m. in 1940. Particulars for December show conformity with recent monthly totals. There has been a large volume of business in suburban properties - houses, flats, small shops, factories and factory sites - but relatively little city property changed hands during 1940 and apparently transactions in rural properties were also of small volume. According to agents, urban property is in demand and values are inclined to harden. Investment and building control may circumscribe dealings in property of the more valuable class.

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of December.		Calendar Year.	
	Sales.	Mortgages.(a)	Sales.	Mortgages.(a)
			£000	£000
Av. 1925-29	4,619 (b)	4,042 (b)	55,428	48,504
1937	3,585	1,980	37,353	23,811
1938	2,797	2,343	37,419	26,967
1939	2,067	1,344	32,157	22,444
1940	2,477	1,100	31,053	16,497

(a) Includes normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly averages.

Part II (Continued).

OVERSEA TRADE - AUSTRALIA. Merchandise exports from Australia in December, 1940 (£stg.9.16 m.) decreased by £stg.2.86 m. (or 23.8%) in comparison with Dec., 1939 and imports (£stg.8.63 m.) were 12.2 per cent. greater. Due to irregularity of shipping under war-time conditions month by month comparisons are unsatisfactory. Trade in the half year ended December shows a small increase in exports and an increase of $21\frac{3}{4}$ per cent. in imports this year in comparison with last year. But imports in July-Dec., 1940 (£stg.57.57 m.) were $15\frac{1}{2}$ per cent. below those of Jan.-June, 1940 (£stg.68.2 m.) and were only slightly greater in value than in July-Dec., 1937, and the tendency for imports to moderate continues:-

Imports - Australia.	Mar. Qr.	June Qr.	Sept. Qr.	Oct.	Nov.	Dec.	Dec. Qr.	
1937	£stg.m.	21.5	23.4	27.3	9.3	10.8	9.4	29.5
1938	"	27.9	27.0	26.1	8.2	8.8	7.7	24.7
1939	"	25.1	23.5	24.9	7.3	7.4	7.7	22.4
1940	"	35.0	33.2	30.3	9.6	9.0	8.6	27.2

A further list of restrictions (ranging from 25 per cent. to total prohibition) on imports from non-sterling countries affecting goods of a value of about £1,250,000 operated as from Jan. 1, 1941, bringing the total prospective saving of foreign exchange (other than by rationing of newsprint, raw silk, etc.) as a result of war-time restrictions of about £12 m. to £12.5 m.

Imports exceeded exports in the six months ended December, 1940 by £stg.4.0 m., contrasting with an export surplus of £stg.5.82 m. in the corresponding period of 1939. How far imports of raw materials and finished war goods (aircraft, etc.) have affected the commodity balance is not known, but the increase of £stg.4.3 m. in imports of metals and manufactures other than machinery in July-Nov., 1940 compared with 1939 indicates these as a very material factor. Exports, already hampered by shipping difficulties appear likely to be still further retarded in view of Britain's necessity to husband shipping space by drawing supplies from nearest-at-hand sources. Comparative particulars of commodity trade are as follow:-

OVERSEA TRADE - AUSTRALIA - MERCHANDISE ONLY. ♂

Merchandise -	December.				Half year ended December.			
	1938.	1939.	1940.p.	1936.	1937.	1938.	1939.	1940.p.
	Value in £stg. million.							
Exports	10.53	12.02	9.16	53.93	56.40	51.41	53.11	53.57
Imports	7.67	7.69	8.63	45.70	56.79	50.69	47.29	57.27
Commodity Balance	2.86	4.33	.53	8.23	- .39	.72	5.82	- 4.00

♂ Particulars of bullion and specie not available for publication.

p. Preliminary. Minus sign (-) denotes import surplus.

INTEREST RATES - Mortgages. The weighted average rates of interest on private first mortgages have moved very little over the past six months, but in Dec. Qr., 1940 in comparison with Dec. Qr., 1939 were 0.5 per cent. lower on rural mortgages and 0.3 per cent. lower on urban mortgages. Rates now current (5% on rural and $5\frac{1}{2}\%$ on urban mortgages) approximate those ruling in 1938 and are some 2 per cent. below pre-depression levels. As the credit situation is strong and the policy of cheap money is being successfully applied it is probable that low rates of interest in the mortgage field will continue. The National Security (Capital Issues) Regulations govern the placing of mortgages in amounts exceeding £5,000, and the volume of mortgage transactions may be affected, but the Treasurer has made it clear that any movement toward higher mortgage interest rates would be checked by official measures. Trends in these rates over the past six years were:-

PART II (Continued)

Average for -	Rural First Mortgages.						Urban First Mortgages.					
	1935.	1936.	1937.	1938.	1939.	1940.	1935.	1936.	1937.	1938.	1939.	1940.
Weighted average rate of interest - per cent. per annum.												
Dec.Qr.	4.9	4.9	5.0	5.1	5.5	5.0	5.3	5.2	5.3	5.4	5.8	5.5
Cal.Year	4.8	4.9	5.0	5.0	5.2	5.1	5.2	5.2	5.3	5.4	5.6	5.6

Government Securities. During the last three weeks in December bond prices were very steady but since the opening of the New Year the market has firmed and the yield on bonds of five or more years maturity has fallen to about £3.2s.8d. per cent. - the lowest level for many years, and 1s. per cent. below the lowest average in 1940 (Nov.14). Recently prices of bonds of medium (10-15 years) maturity have shown the larger increases. No major public loan operations have taken place since the £28 m. War and Works Loan of Nov.-Dec. but some £50 m. remains to be raised to complete the loan programme for 1940-41 and a new issue will probably be arranged by the Loan Council meeting in Canberra at the end of this month.

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	Bonds maturing in -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 years.	Over 5 years. (Overall rate.)
	Average net redemption yield - per cent. per annum.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average - 1935	3 9 7	3 10 1	3 13 9	3 11 1
- 1938	3 14 5	3 15 0	3 15 10	3 15 0
" Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
" September, "	4 1 0	4 1 1	4 1 9	4 1 3
" November, 1940	3 1 0	3 4 10	3 7 4	3 4 1
" December, "	3 1 6	3 4 11	3 7 3	3 4 1
January 16, 1941	3 0 8	3 3 4	3 6 2	3 2 11

BUILDING INDUSTRY.BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

(Includes both Government and private buildings).

Buildings commenced and completed in this Area in 1940 were highest in value of post-depression years, but some decline appeared in Nov. and Dec. House and flat building was maintained, but business premises fell off again in 1940, and there has been a marked decline in city building projects. Hospital buildings have figured largely in recent returns.

Fewer individual houses were commenced in 1940 than in 1938 or 1939; building costs are still increasing and the outlook for house-building is uncertain.

Buildings of a value of £729,000 were commenced in the Metropolitan Water Board Area in December, 1940. This was the lowest amount in any month of 1940, and though £174,000 more than in Dec., 1939 was less than Dec., 1937 or 1938. These statistics do not reveal a clear trend; they include Government buildings, and they indicate currently a high level of building activity:-

Value of Buildings Commenced - Metropolitan Water Board Area.

		Jan.-June	July	Aug.	Sept.	Oct.	Nov.	Dec.	July-Dec.
1937	£000	4,695	1309	968	1074	936	1158	1055	6,500
1938	£000	6,309	1297	1341	972	846	989	788	6,233
1939	£000	6,345	1012	1180	840	931	1844	555	5,562
1940	£000	6,466	1438	1052	1001	1101	1087	729	6,408

The total for 1940 (£12,874,000) was the greatest of any post-depression year, mainly owing to the large amount for buildings other than houses, flats and business premises (£1,581,000) which included £543,000 for five hospital projects. More money was involved for houses and almost as much for flats as in any recent year, but, notwithstanding inclusion of £411,000 for the G.P.O. extension, the total for business premises (£2,795,000) was less than in any year since 1935. Comparative particulars are as follow:-

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Including new Buildings, additions, etc. and Government Buildings.

Type of Building.	Year ended December.							Movement 1939 to 1940.
	December 1939	1940	1936	1937	1938	1939	1940	
	Value in Thousands of Pounds.							
Dwelling Houses	341	370	4102	4290	6001	5967	6157	+ 3.2
Flats	58	215	1669	1998	2481	1855	2341	+ 26.2
Business Premises \emptyset	114	100	2814	3832	3496	3130	2795	- 10.7
Miscellaneous \natural	42	44	563	1075	564	955	1581	+ 65.5
Total	555	729	9148	11,195	12,542	11,907	12,874	+ 8.1
City Buildings	60	51	1729	2700	2007	1800	1545	- 14.2
Suburban "	495	678	7419	8495	10,535	10,107	11,329	+ 12.1

 \emptyset Shops, Factories, Offices, etc. \natural Churches, Theatres, Schools, Hospitals, etc.

The dissection at foot of the foregoing table reveals a marked falling off in building activity in the city and an increase in value in the suburbs and extra-metropolitan areas of 12.1 per cent. in 1940 in comparison with 1939. Some part of the increase is attributable to the higher cost of building, to which the

extension of the sales tax to cover certain building materials will add. The question of housing is receiving the consideration of the Commonwealth Minister for Social Services. Building control regulations now in force may be expected to restrict expenditure upon projects (of a value exceeding £5000) which may be deferred without prejudice to the war effort and general economic conditions. Currently, statistics give little guide as to future prospects for building as a whole, but the cost of building and the weight of taxation may prove deterrent factors of a decisive character.

Buildings Completed. The total value of buildings completed in this Area in 1940 (£13.69 m.) was greatest of any post-depression year and compares with amounts in earlier years as under:-

METROPOLITAN WATER BOARD AREA - BUILDINGS COMPLETED.

	Av. 1926-29	1936	1937	1938	1939	1940
Value: £000	14,973	9,414	8,636	12,180	12,533	13,690

Dwellings. There were 398 individual dwelling houses commenced in this Area in December 1940, compared with 390 and 535 in Dec., 1939 and 1938 respectively. Numerically house building projects have tended to decline after reviving to a near record level in July-Oct. 1940. The numbers of houses commenced in recent months in comparison with those of one and two years earlier were:-

	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Houses	1938	668	657	700	777	643	637	681
Commenced	1939	674	683	652	765	617	647	626
	1940	583	568	743	629	664	696	571

The recent decrease may be attributed in large part to exhaustion of the initial State appropriation for the assistance of lower income wage-earners to build homes, and the shrinkage of house-building under the auspices of co-operative building societies.

The value of dwelling houses commenced in 1940 was greater but the number was less than in 1938 or 1939 and the average cost per dwelling house rose from £781 in 1938 to £839 in 1939 and £879 in 1940, notwithstanding that advances averaging £627 were provided for houses for over 600 persons in the lower wage category during last year. Latterly an increased number of houses of the more expensive type have been built.

INDIVIDUAL HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.
(Flats are not included).

Month of December	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Calendar year.	
					Number	of Dwelling Houses.
1935	295	941	912	1,125	1,065	4,043
1936	313	1,273	1,251	1,668	1,195	5,387
1937	466	1,152	1,212	1,618	1,592	5,574
1938	535	1,627	1,857	2,120	1,853	7,457
1939	390	1,859	1,785	2,034	1,663	7,341
1940	398	1,740	1,720	2,036	1,665	7,161

Motor Vehicles. New motor vehicle sales in December, 1940 were below the number in November, 1940 but still above the average for the months June to October, 1940. During 1940 the purchase of new motor vehicles was severely curtailed in comparison with earlier years and weekly averages in December were less than one-half and one-third those in Dec., 1939 and 1937 respectively. A material increase in running costs and in motor taxation, and reactions to petrol rationing (prospective and actual) were factors, reinforced by psychological reactions to the war. Trends in new motor sales are illustrated in the table on following page:-

AVERAGE WEEKLY NUMBER OF NEW MOTOR VEHICLES REGISTERED, N.S.W. ϕ

	Cars, Cabs and Omnibuses.						Lorries and Vans					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	July	Aug.	Sept.	Oct.	Nov.	Dec.
1937	451	414	415	421	483	534	202	210	200	221	246	222
1938	357	340	368	343	428	457	156	147	181	177	202	163
1939	305	322	270	314	368	344	133	146	126	145	169	127
1940	63	88	118	128	173	163	60	53	63	64	77	69

ϕ Exclusive of vehicles in defence services.

Total registrations of motor vehicles decreased throughout the first year of the war. An increase in each month since September, 1940 may be due to re-registration of vehicles for the holiday season, the slight increase in new vehicle sales, and a measure of re-assurance when details of the petrol rationing scheme became known. According to press statements the Government will review the working of the rationing system at an early date. Only a negligible number of motor vehicles have been equipped with producer gas units.

At the end of 1940 compared with a year earlier there were 8,997 fewer cars, and 1,895 fewer lorries and vans on the register, although since August, 1940 there were increases of 2,250 and 1,067 respectively.

NUMBER OF REGISTERED MOTOR VEHICLES IN NEW SOUTH WALES.

	1933	1938	1939		1940.				
	July	Dec.	Aug.	Dec.	Mar.	Aug.	Oct.	Nov.	Dec.
	Thousands.								
Cars	148.2	212.0	216.6	216.4	214.6	205.2	205.0	205.8	207.4
Lorries & Vans	42.2	76.4	77.6	77.5	76.4	74.6	75.1	75.4	75.6
All vehicles	216.5	322.9	329.2	328.6	324.7	312.3	312.7	314.1	316.4

